

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Periodic Reporting
(Proposal Three)

Docket No. RM2018-6

CHAIRMAN'S INFORMATION REQUEST NO. 1
AND NOTICE OF FILING UNDER SEAL

(Issued June 13, 2018)

To clarify the Postal Service's petition to consider a change in analytical principles, filed June 8, 2018,¹ the Postal Service is requested to provide written responses to the following questions. Answers to each question should be provided as soon as they are developed, but no later than June 20, 2018.

1. The Postal Service states "[u]nfortunately, the method of calculating volume variable costs for NSA products does not require computing the amount of volume variable cost per NSA product in specific cost pools." Petition at 15. Please confirm that the Postal Service constructs volume variable costs for negotiated service agreement (NSA) products using unit costs by function (e.g., mail processing, delivery, transportation, and other) that are aggregated from cost pools, as described in Docket No. ARC2017, Library Reference USPS-FY17-30 and Library Reference USPS-FY17-NP27, December 29, 2017.
 - a. If confirmed, please discuss whether the ratio of NSA product volume variable costs to product-group volume variable costs for each function (applied to its respective cost pools) could be used instead of a single

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Three), June 1, 2018 (Petition).

volume variable cost ratio. Please describe any potential obstacles to this approach.

- b. If not confirmed, please explain how the unit costs by function are used in constructing volume variable costs for NSA products.
- 2. Please see Attachment, filed under seal.
 - 3. Please see Attachment, filed under seal.

By the Chairman.

Robert G. Taub